



Date of Council Meeting: February 24, 2014

**TOWN OF LEESBURG
TOWN COUNCIL WORK SESSION**

Subject: Parking Payment in-Lieu

Staff Contact: Brian Boucher, Deputy Director, Planning & Zoning

Recommendation: No recommendation at this time. This memo is provided for informational purposes only.

Issue: What is the history of the payment-in-lieu option permitted in the H-1, Old and Historic Overlay District and what would it cost per space to build a structured parking garage in the downtown area?

Background: In the summer of 2010 Council instructed staff to investigate the \$3,000 payment in-lieu fee in order to determine how it compared to the actual cost of providing a parking space in the downtown area. Staff recommended that the payment in-lieu fee be increased to \$20,000 to cover the actual costs of design and construction of a typical structured parking space in the H-1 District. At its meeting on October 25, 2010 Council discussed the information regarding the impact of a fee increase on projects in the pipeline and how the recommended fee of \$20,000 was reached. No resolution to amend the fee schedule was initiated at that time.

This memo includes information on the history of the payment in-lieu option and information on the likely cost of building a parking structure in the downtown area today.

When was Payment in-Lieu established? On June 26, 1985, per Ordinance No. 85-O-14 the Town Council amended the Zoning Ordinance to permit developers in the H-1 Overlay District to make payments into a Parking Fund instead of providing all required off-street parking on-site. In Resolution No. 85-102 approved on the same date, the Council established a fee of \$1,600 per space. Seven months later, in Resolution No. 87-10 adopted on January 14, 1987, Council increased the fee to \$3,000 per space because the \$1,600 fee “was based on the cost of constructing a surface space and does not adequately reflect the cost of providing public structured parking in-lieu of required private spaces.”

When and how can the Payment in-Lieu Option be used? TLZO Section 11.4.3 Payments In-Lieu sets out the conditions that must be met to utilize the Parking Fund option. That section states:

Rather than providing the required off-street parking on-site due to a change of use, expansion of an existing use or new construction, developers of land within the H-1 Overlay District may provide a portion or all of such parking by means of a payment to the

town's parking fund. Such payment shall be based on a one-time fee per parking space, as established from time to time by resolution of the Town Council. Any off-street parking satisfied in this matter shall run with the land, and any subsequent change in use that requires more off-street parking shall require subsequent action to satisfy additional parking requirements. No refund of such payment shall be made when there is a change of use to require less parking. Such payment shall be made to the town in one lump sum prior to the issuance of a zoning permit; however, this payment shall not guarantee the availability of parking for the fee-paying development. Funds derived from such payment shall be deposited by the town in a special parking fund and shall be used for acquiring and developing off-street parking facilities within the H-1 Overlay District. NOTE: This option is not available for residential uses or structures except as provided below.

- A. On lots of record existing as of February 14, 2012 measuring 4,000 square feet or less, situated between Liberty Street and Church Street and between South Street and North Street a portion or all required parking for residential uses may be provided by payment in-lieu in accordance with this section.*

Prior decisions of the Zoning Administrator have held that “developing” off-street parking facilities can include making improvements to existing facilities, such as the Liberty Street lot, which qualifies as an “off-street” parking facility acquired by the town within the meaning of this section. Therefore, improvements to develop this facility can be paid for out of the special parking fund. Such improvements can include repaving, striping, installation of lights, etc.

How many Spaces have been purchased? Staff estimates 145 spaces were purchased by various developments before October 2010. Since then, 54 additional spaces have been purchased making a total of 199 spaces. In addition, there are five developments that have approved or pending site plans that do not provide all required parking on-site. Together, these sites will purchase at least 120 additional spaces in the coming years, for a total of about 320 spaces.

Is any Development “Grandfathered” at the \$3,000 Fee? None of these five developments is “grandfathered” at the \$3,000 per space fee. TLZO Section 11.4.3 Payments In-Lieu states in part “*Such payment shall be made to the town in one lump sum prior to the issuance of a zoning permit . . .*” That means that a developer must have an approved site plan *before* the payment can be tendered to the Town. The reason for this is to prevent developers/owners from paying the current fee without any real effort or realistic plan to develop a site. An approved site plan shows that Town regulations have been met and the exact number of spaces that are provided on site. This also prevents developers/owners from submitting place-holder site plans they have no immediate intention to pursue to obtain a lower fee should the Council decide to increase it. But approval of a site plan alone does not grandfather the fee amount on the day the site plan was approved. *The fee amount due is whatever the adopted fee is at the time the fee is actually paid.* This is to prevent someone from obtaining site plan approval, then waiting years before obtaining a zoning permit and then paying an outdated and inadequate fee. The ordinance as written encourages developers/owners to obtain site plan approval and then to pay the fee. That puts the money into the pipeline so that the Town can use it immediately to plan for the parking

improvements or to maintain existing public parking structures. *Note that once the fee is paid, it never has to be paid again, even if the fee is later increased.*

Currently, there is one approved site plan where the developer *could* pay the \$3,000 payment-in-lieu fee. Four site plans or applications are under review and are therefore not yet eligible to pay the fee today.

What is the likely Cost of a Structured Parking Space? Given that the fee has not been increased for over 27 years, an analysis has been made to determine what would constitute an appropriate fee today if the goal is to recapture the cost of an equivalent space in a public parking structure.

Determining the Cost: In 2010 staff contacted both public and private sector members to develop a reasonably accurate projected cost for a parking garage in downtown Leesburg. Since then few parking structures have been constructed in the area and none in Leesburg, though one is planned in the downtown as part of the Courthouse Square development. That structure will be partially underground and will have usable floors for office and retail use above the garage.

Since late 2010, the Engineering News Record Construction Cost Index indicates construction costs have increased a total of 11.24%. Because this figure is widely used in the building industry and by public entities, it has been applied to the 2010 figures to give a reasonable cost estimate.

Note that there are many variables that can affect the cost of a parking structure, including:

- cost of the land;
- whether there are any levels underground;
- the architectural requirements for the structure;
- the type of construction (reinforced concrete with a steel frame vs. face brick with concrete block back-up / Steel Frame, etc.);
- the size of the site, with a smaller site usually resulting in a higher cost;
- the size of the structure, with a larger structure resulting in better economies of scale and a lower cost per space;
- relocation of utility lines; and
- need for demolition of existing structures.

How these variables are combined can substantially affect the cost of a structure. Without a specific site and design for the structure, any fee can only be considered an estimate.

Baseline Cost: As a baseline starting price one can expect to pay \$11,000-\$13,000 per space to build a single above grade prefab concrete parking structure, including the cost of design and construction. What this figure does *not* include is the cost of the land, any architectural facing or landscaping; it is a “barebones” figure that will most likely increase based on the variables discussed above.

Costs of parking garages based on square footage can also be found. Assuming a 145,000 square foot five-story structure (10 feet per story) the cost can be expected to be \$9.4 million assuming high quality materials, or \$65 per square foot. This does not include the cost of land or demolition of existing structures.

Land Cost: In a well-developed urban downtown area such as Leesburg land costs are substantial. To build a structure with over 400 spaces will require approximately 0.75 acres. For example, the project known as Waterford at Leesburg proposed a 502 space parking structure on approximately 0.80 acres of land. A privately owned 0.77 acre lot on Loudoun Street currently used as a surface parking lot is assessed at \$898,000. Another 0.71 acre surface parking lot along Harrison Street is assessed at \$795,000. Assembling smaller parcels is even more expensive and few large, undeveloped parcels remain in the downtown core. Land costs per space can be expected to run well over \$2,000 per space if the Town seeks to purchase new land for parking use.

Parking Structure Cost Examples: In order to develop a cost estimate several parking decks that have been constructed recently were considered. Although some are private and some are public, all have multiple stories and some façade treatment. All of the decks cited have been partially “wrapped” which means at least some facades have been covered with office or retail space, or government services. As noted above, it is difficult to obtain a separate cost of the architectural treatment from the base cost of an unadorned garage in the examples studied.

1. Manassas/Virginia Railway Express

(VRE): Built in 2009, the five-story, 532-space facility located in Old Town Manassas cost \$12.7 million and the project was split 60-40 between VRE and the city. Approximately \$7.8 million of the total came from federal funds, \$1 million from the state and \$3.9 million from the city, \$2 million of which was used to buy the land. The cost per space was about \$23,870.



Manassas/VRE Garage

2. Village at Leesburg: There are four parking structures in the Village at Leesburg, containing 574 spaces (Deck A – Wegman’s), 625 spaces (Deck B), 591 spaces (Deck C) and 909 parking spaces (Deck D adjacent to Route 7). These structures range from one to four stories. According to representatives of Kettler, co-developers of the site, the parking decks at Leesburg ranged from \$8000 to \$11,500 per space when built in 2009 and 2010. The number varied depending on the garage efficiency, size, finishes etc. This figure does not include the cost of the land or the design. The large size of the decks, the relatively unadorned facades, the pre-fab nature and the opportunity to build multiple decks simultaneously lowered the overall cost of construction and therefore the cost per space.



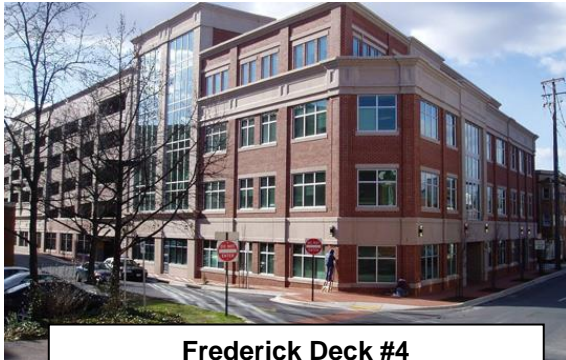
**Decks D (foreground), B (upper left)
and C (upper right)**



Deck C from Russell Branch Pkwy

3. City of Frederick, Maryland: As part of a comprehensive review of parking in the Frederick City historic district the Frederick City Parking Task Force issued a report in 2002 that cited the need for construction of additional parking decks in the downtown area. One deck (Deck #4) consists of four stories of government office space along West Patrick Street as a façade to a parking structure with a 600-space capacity, with an additional office façade facing Carroll Creek. The façade, exterior fenestration and massing of the proposed deck are designed to be

responsive to Historic District Commission Guidelines. The construction cost of the project was \$17,000,000. Subtracting approximately \$4,000,000 for the office add-ons and architectural details (a reasonable estimate but not precise), the average space cost approximately \$20,000.



Frederick Deck #4

A city-owned parking deck (Deck #5) was also constructed along Frederick's East Street corridor to stimulate commercial growth in the area. The seven-story deck has 385 spaces and opened in 2009. The \$11 million deck provides space to

services including the Department of Social Services as well as the office and residential development planned for that area. Subtracting approximately \$3,000,000 for the office add-ons and architectural details (a reasonable estimate but not precise), the average space cost approximately \$20,779.

Note that the decks were initially funded by the city's capital improvement fund but will be paid off through the parking enterprise fund, a self-sufficient account that relies on revenue from space rental and other parking fees.

4. City of Staunton, Virginia: In 2004 Staunton completed a 100,000 square foot parking garage for 277 cars that is masked by detailed facades including three retail storefronts. The building was specifically designed to fit in with the surrounding architecture in its downtown location. Construction cost at that time averaged approximately \$18,000 per space and did not include the cost of the land.



Staunton's Downtown Parking Deck

Summary: Based on these parking structures built in downtown areas, all with some form of architectural control and some with at least one story of underground parking, a cost range for an equivalent structure in downtown Leesburg would be from \$19,000 to \$23,000. This may not actually approximate the final cost per space, but there is no reason to believe the cost per space will be substantially below or greater than that of other communities that have recently built public parking structures in an historic downtown area.